



ANNUAL REPORT

For the Year Ended
December 31, 1936

STORES CO.

424 NORTH NINETEENTH STREET
PHILADELPHIA, PA.

OFFICE OF THE PRESIDENT

To the Stockholders of American Stores Company:

The consolidated balance sheet and statement of consolidated income and surplus showing the financial condition of your Company at December 31, 1936, and the results from operations for the year 1936 are presented herewith, accompanied by the report of our auditors, Barrow, Wade, Guthrie & Co.

Net earnings for the year, after providing for depreciation and Federal and State income taxes, amounted to \$2,045,586. or \$1.57 per share on 1,301,320 shares of Common Stock outstanding in the hands of the public at the year end. This compares with \$2,716,241. or \$2.08 per share on the same number of shares for the year 1935.

The total sales amounted to \$113,387,802. as compared to \$115,866,889. for the year 1935, representing a decrease of 2.1%. This decrease is due to a number of factors, the most important, however, being the keen competitive conditions prevailing in territories served by the stores.

The Company had in operation 2,816 stores at the end of the year 1936 as compared with 2,826 stores at the beginning of the year, and the policy of maintaining these stores efficiently with modern equipment and fixtures has been continued.


Losses of merchandise, replacements and other costs incurred in the flood area last spring amounting to \$86,221.98 have been charged to the reserve for contingencies.

While the earnings for the year 1936 were not up to expectations, we feel that the efforts being made to deal with the situation should yield more favorable results.

Your Company supplies the public with the finest brands of merchandise at the lowest possible prices. By virtue of this service, and an efficient and loyal organization, it should obtain an increasing share of the general prosperity.

Respectfully submitted,

February 27, 1937.


President.

AMERICAN STORES COMPANY

and Subsidiary Companies

Consolidated Balance Sheet

December 31, 1936

ASSETS

Current Assets

Cash.....	\$ 4,178,556.53
U.S. Government and Other Marketable Securities--at cost.....	2,691,246.03
(Market Value \$2,612,723.)	
Accounts Receivable:	
Due from Relief Agencies.....	\$ 176,783.15
Other Trade Accounts.....	162,994.83
Miscellaneous Accounts.....	155,360.08
	495,138.06
Inventories (Quantities and condition determined by Companies-- valued at lower of cost or market).....	13,137,969.20
Total Current Assets.....	20,502,909.82
Loans to Employees--with common stock of Company as collateral	462,341.13
Balances in closed banks -less reserve.....	36,891.83
Miscellaneous Investments--at cost.....	18,307.67
Treasury Stock--98,680 shares common stock.....	3,520,109.31
Fixed Assets	
Warehouses, Store Properties, Bakeries, Canneries, Garages, etc.--at cost.....	\$ 20,959,575.28
Less: Reserve for Depreciation.....	9,279,821.35
	11,679,753.93
Goodwill.....	1.00
Deferred Charges.....	329,704.72
	<u>\$ 36,550,019.41</u>

LIABILITIES

Current Liabilities

Accounts Payable and Accrued Charges.....	\$ 2,286,006.92
Dividend Payable--January 2, 1937.....	650,660.00
Reserve for Federal and State Taxes.....	792,786.40
Total Current Liabilities.....	3,729,453.32
Reserve for Contingencies.....	672,016.58
Capital and Surplus	
Common Stock--no par value	
1,500,000 shares authorized	
1,400,000 shares issued.....	\$ 19,374,156.46
Earned Surplus.....	12,774,393.05
	<u>32,148,549.51</u>
	<u>\$ 36,550,019.41</u>

AMERICAN STORES COMPANY

and Subsidiary Companies

Statement of Consolidated Income and Surplus

for the Year Ended December 31, 1936

INCOME ACCOUNT

Sales		\$113,387,802.77
Cost of Merchandise Sold		<u>90,120,665.47</u>
Gross Profit		23,267,137.30
Wages, Rents, Advertising, Operating and Administrative Expenses	\$ 20,051,361.29	
Depreciation	<u>940,380.57</u>	20,991,741.86
Profit from Operations		2,275,395.44
Other Income		
Interest Received—net	23,692.88	
Income from Investments	124,266.09	
Profit on Sales of Investments	12,337.04	
Profit on Sales of Capital Assets	<u>63,895.29</u>	224,191.30
Net Profit before Income Taxes		2,499,586.74
Reserve for Federal and State Income Taxes		<u>454,000.00</u>
Net Income		<u>\$ 2,045,586.74</u>

EARNED SURPLUS

Balance—December 31, 1935	\$ 13,331,446.31
Net Income for year 1936	<u>2,045,586.74</u>
	15,377,033.05
Less: Dividends on Common Stock	<u>2,602,640.00</u>
Balance—December 31, 1936	<u>\$ 12,774,393.05</u>

NEW YORK, N. Y.
CHICAGO, ILL.
BOSTON, MASS.
PHILADELPHIA, PA.
SAN FRANCISCO, CAL.
LOS ANGELES, CAL.
UTICA, N. Y.
DALLAS, TEX.
DETROIT, MICH.
CLEVELAND, OHIO
ST. LOUIS, MO.
HOUSTON, TEX.
TULSA, OKLA.
SEATTLE, WASH.
PORTLAND, ORE.
BALTIMORE, MD.

BARROW, WADE, GUTHRIE & CO.
ACCOUNTANTS AND AUDITORS
(ESTABLISHED 1883)

GIRARD TRUST BUILDING
SOUTH PENN SQUARE
PHILADELPHIA, PA.

MONTREAL, CANADA
TORONTO, CANADA
MEXICO CITY, MEXICO
LONDON, ENGLAND
MANCHESTER, ENGLAND
GLASGOW, SCOTLAND
MELBOURNE, AUSTRALIA
SYDNEY, AUSTRALIA
BUENOS AIRES, ARGENTINE
RIO DE JANEIRO, BRAZIL
PARA, BRAZIL
SAO PAULO, BRAZIL
PARIS, FRANCE
BERLIN, GERMANY
HAMBURG, GERMANY
ANTWERP, BELGIUM

*To the Board of Directors,
American Stores Company,
Philadelphia, Pa.*

We have made an examination of the consolidated balance sheet of American Stores Company and its subsidiary companies as at December 31, 1936, and of the statement of consolidated income and surplus for the year so ended. In connection therewith, we examined or tested accounting records of the Companies and obtained information and explanations from officers and employees of the Companies; we also made a general review of the accounting methods and of the operating and income accounts for the year, but we did not make a detailed audit of the transactions.

In our opinion, based upon such examination, the accompanying consolidated balance sheet and related statement of consolidated income and surplus fairly present, in accordance with accepted principles of accounting consistently maintained during the year under review, the consolidated financial position of the Companies at December 31, 1936 and the combined results of their operations for the year ended that date.

BARROW, WADE, GUTHRIE & CO.,

Auditors.

Philadelphia, Pa.
February 25, 1937.

American Stores Company

OFFICERS

<i>President</i>	Samuel Robinson
<i>Vice-President</i>	Robert H. Crawford
<i>Vice-President and General Manager</i>	James K. Robinson
<i>Vice-President and Treasurer</i>	Wm. M. M. Robinson
<i>Secretary</i>	E. J. Flanigan
<i>Assistant Treasurer</i>	Wm. Gould
<i>Assistant Secretary</i>	J. V. Keers

DIRECTORS

Samuel Robinson	James K. Robinson
Robert H. Crawford	Wm. M. M. Robinson
John Eagleson	Joseph Gilfillan
E. J. Flanigan	William Park
John M. Hancock	